



CITY OF DURHAM | NORTH CAROLINA

Date: November 20, 2012

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Kevin Dick, Director – Director, Office of Economic and Workforce Development
Grace Dzidzienyo, Senior Economic Development Manager
Peter Coyle, Senior Economic Development Coordinator
Subject: Amendment to the Building Improvement Grant Contract with Bullocity, LLC

Executive Summary

This item recommends the approval of a contract to amend the agreement between Bullocity, LLC and the City of Durham related to the Building Improvement Grant awarded to Bullocity, LLC on December 19, 2011.

Recommendation

The Office of Economic and Workforce Development (OEWD) recommends that the City Council authorize the City Manager to:

1. Hold a public hearing on the proposed amendment to an economic development economic incentive agreement per G.S. 158-7.1; and
2. Execute an amendment to the Building Improvement Grant agreement between Bullocity, LLC and the City of Durham dated December 19, 2011 to extend the contract from an end date of December 19, 2012 to February 18, 2013.

Background

On December 19, 2011, the City Council approved a Building Improvement Grant of \$75,000.00 for economic incentive improvements to a building located at 106 W. Parrish Street, in Durham.

Issues and Analysis

In a letter received November 15, 2012, Bullocity, LLC informed OEWD that it will be unable to complete the building improvement project by December 19, 2012, the completion date provided in the original agreement. The reasons for the request are listed in the excerpt below:

We began the demolition work in December 2011 and our general contractor has been on site every weekday for the past year. We have been making progress each month. However as work progressed throughout the spring and summer, we uncovered a continuous stream of significant and unforeseen issues related to the existing condition of the building.

Hidden on the second floor, the renovation team discovered that two steel supporting I-beams and the associated columns had been warped by a fire (most likely around 1914). Despite being covered up by trim boards in the time since, a structural engineering analysis was required... Shoring was added to the entire building.

The fire had also burned the window lintels on the third floor requiring replacement of nearly all lintels, masonry above the lintels, and window framing.

The masonry was not structurally sound enough to support the new roof trusses or the new beams (probably also due in part to the previous fire). Installation of new brick was required everywhere supports were added.

The rear wall of the building's third floor was buckling outward and had to be deconstructed to preserve the original brick, and then entirely rebuilt.

The original wood flooring and support joists for the first floor were rotted and the soil below the existing wood/charcoal foundation was clay that retained too much moisture. Efforts to reduce the moisture content failed and it required excavating approximately 2 feet of the clay and replacing it with gravel to form an adequate foundation for the concrete slab.

The existing sewer line was original, had cracks in it, and concrete had been poured into it at some point in time. The existing water line was not intact and not a sufficient size to supply water to the new sprinkler system.

The improvement of the building at 106 W. Parrish Street would contribute to economic development in the Parrish Street Project area and the adaptive reuse of a previously vacant property. Although one of the objectives of the Building Improvement Grant Program is to fund projects to be completed within twelve months, staff recommends approval of the extension because such an approval would be consistent with the Downtown Development plan and the broader vision of the Citywide Strategic Plan goal for a strong and diverse economy.

Alternatives

The City Manager may choose to reject the recommendation to extend the agreement or to approve a different length of time for the extension. Such decisions may impact the abilities of this project to meet the broader visions of the aforementioned plan and

the ability of the project to be an important part of redevelopment within the City center of Downtown.

Financial Impact

Extending the contract by two months would have no financial impact as the amount of the grant would not change.

SDBE

An SDDBE summary is inapplicable because no project-specific goals have been set and no SDDBE's are involved in this item.

Attachments:

Amendment to Agreement between Bullocity, LLC and the City of Durham for Building Improvement Incentives for Economic Development.